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**REPORT**

**ST. BERNARD ECONOMIC DEVELOPMENT FOUNDATION**

**DECEMBER 31, 2010**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

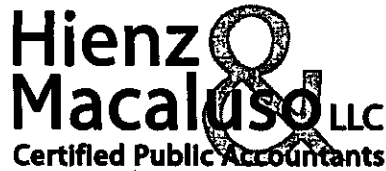
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**ST. BERNARD ECONOMIC DEVELOPMENT FOUNDATION**

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## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board of Directors  
St. Bernard Economic Development Foundation  
Chalmette, LA

We have reviewed the accompanying statement of financial position of the St. Bernard Economic Development Foundation (a nonprofit organization) as of December 31, 2010, and the related statements of activities, functional expenses and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

In accordance with the *Louisiana Governmental Audit Guide* and the provisions of state law, we have issued a report, dated July 11, 2011, on the results of our agreed-upon procedures.

*Hienz & Macaluso, LLC*  
July 11, 2011

**ST. BERNARD ECONOMIC DEVELOPMENT FOUNDATION**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2010**

**ASSETS**

**Current Assets**

Cash and cash equivalents	\$	40,245
Grants receivable		31,250
Prepaid expenses		145,749
<b>Total current assets</b>		<u>217,244</u>

**Property and Equipment**

Furniture and equipment		22,926
Accumulated depreciation		(923)
<b>Total property and equipment, net</b>		<u>22,003</u>

<b>Total assets</b>	<b>\$</b>	<b><u>239,247</u></b>
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**LIABILITIES AND NET ASSETS**

<b>Total liabilities</b>		<u>-</u>
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**Net assets**

Unrestricted net assets		239,247
Temporarily restricted net assets		-
Permanently restricted net assets		-
<b>Total net assets</b>		<u>239,247</u>

<b>Total liabilities and net assets</b>	<b>\$</b>	<b><u>239,247</u></b>
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See independent accountant's review report and accompanying notes.

**ST. BERNARD ECONOMIC DEVELOPMENT FOUNDATION**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenues</b>				
Grants	\$ 125,000	\$ 142,500	\$ -	\$ 267,500
Other income	250	-	-	250
Net Assets Released from Restrictions	142,500	(142,500)	-	-
<b>Total Revenue</b>	<b>267,750</b>	<b>-</b>	<b>-</b>	<b>267,750</b>
<b>Expenses</b>				
<b>Program Services</b>				
Economic development	100,019	-	-	100,019
<b>Total Program</b>	<b>100,019</b>	<b>-</b>	<b>-</b>	<b>100,019</b>
<b>Support services</b>				
General and administrative	49,293	-	-	49,293
<b>Total Support Services</b>	<b>49,293</b>	<b>-</b>	<b>-</b>	<b>49,293</b>
<b>Total expenses</b>	<b>149,312</b>	<b>-</b>	<b>-</b>	<b>149,312</b>
<b>Change in net assets</b>	<b>118,438</b>	<b>-</b>	<b>-</b>	<b>118,438</b>
<b>Net assets, beginning of year</b>	<b>120,809</b>	<b>-</b>	<b>-</b>	<b>120,809</b>
<b>Net assets, end of year</b>	<b>\$ 239,247</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 239,247</b>

See independent accountant's review report and accompanying notes.

**ST. BERNARD ECONOMIC DEVELOPMENT FOUNDATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Program</u>	<u>General and Administrative</u>	<u>Total</u>
Salaries and payroll taxes	\$ 67,918	\$ 33,959	\$ 101,877
Repairs and maintenance	210	105	315
Depreciation	615	308	923
Insurance	5,017	2,508	7,525
Meals and entertainment	314	157	471
Office supplies	-	1,485	1,485
Printing and reproduction	781	391	1,172
Postage	35	17	52
Dues	563	282	845
Payroll processing	1,205	602	1,807
Professional fees	2,463	1,231	3,694
Telephone	1,349	675	2,024
Training	1,913	-	1,913
Travel	4,842	2,421	7,263
Web design	773	387	1,160
Cash back	2,500	-	2,500
Rent	8,354	4,177	12,531
Licenses and fees	-	5	5
Legal and accounting	1,167	583	1,750
	<u>\$ 100,019</u>	<u>\$ 49,293</u>	<u>\$ 149,312</u>

See independent accountant's review report and accompanying notes.

**ST. BERNARD ECONOMIC DEVELOPMENT FOUNDATION**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

<b>Cash Flows from Operating activities</b>	
Change in net assets	\$ 118,438
Adjustments to reconcile change in net assets	
net cash used by operating activities:	
Depreciation	923
Increase in grants receivable	(31,250)
Increase in prepaid expense	(145,749)
<b>Total adjustments</b>	<u>(176,076)</u>
<b>Net cash used by operating activities</b>	<u>(57,638)</u>
<b>Cash Flows from Investing Activities</b>	
Purchase of property and equipment	<u>(22,926)</u>
<b>Net cash used in investing activities</b>	<u>(22,926)</u>
<b>Net decrease in cash and cash equivalents</b>	(80,564)
<b>Cash and cash equivalents, beginning of year</b>	<u>120,809</u>
<b>Cash and cash equivalents, end of year</b>	<u><u>\$ 40,245</u></u>

See independent accountant's review report and accompanying notes.

**ST. BERNARD ECONOMIC DEVELOPMENT FOUNDATION**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2010**

**Note 1. Summary of Significant Accounting Policies**

**Nature of Activities**

The St. Bernard Economic Development Foundation (the Foundation) is a not-for-profit corporation whose mission is to enhance economic development and commerce in St. Bernard Parish and the State of Louisiana. The Foundation's primary sources of revenues are governmental grants and contributions. The significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

**Basis of Accounting**

The Foundation prepares its financial statements in accordance with accounting principles generally accepted in the United States of America, which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Foundation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

**Contributions**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions.

The Foundation records contributions when a donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

**Property and Equipment**

The Foundation capitalizes property and equipment over \$500. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Property and equipment are depreciated using the straight-line method over estimated useful lives ranging from five to seven years.

**Income Taxes**

The Foundation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.



**ST. BERNARD ECONOMIC DEVELOPMENT FOUNDATION**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2010**

**Note 1. Summary of Significant Accounting Policies (Continued)**

The Foundation's Forms 990, Return of Organization Exempt from Income Tax, for the years ended 2008, 2009, and 2010 are subject to examination by the IRS, generally for three years after they were filed. The Foundation records interest and penalties related to its tax positions as income tax expense.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Note 2. Property and Equipment**

Property and equipment consist of the following:

Furniture	\$20,552
Equipment	<u>2,374</u>
	22,926
Less: Accumulated Depreciation	<u>(923)</u>
Total	<u>\$22,003</u>

Depreciation expense was \$923 for the year ended December 31, 2010.

**Note 3. Concentration of Credit Risk**

The Foundation maintained balances with one financial institution. At times during the year, the amounts may exceed federally insured limits.

**Note 4. Release of Restricted Net Assets**

Net assets were released from restrictions by incurring expenses satisfying the restricted purpose and by satisfying the time restriction.

Louisiana Department of Economic Development	<u>\$142,500</u>
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**ST. BERNARD ECONOMIC DEVELOPMENT FOUNDATION**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2010**

**Note 5.        Rent**

The Foundation leases its space under the terms of an operating lease which expires on March 17, 2020. Total rent expense for the year ended December 31, 2010 was \$12,531. The total amount due over the course of the lease was prepaid during 2010. At December 31, 2010, prepaid rent totaled \$145,750.

Monthly payments due under the lease would be as follows:

Year ending December 31

2011	\$ 15,828
2012	15,828
2013	15,828
2014	15,828
2015	15,828
Thereafter	<u>66,610</u>
Total	<u>\$145,750</u>

**Note 6.        Functional Allocation of Expenses**

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Note 7.        Date of Management's Review**

Management has evaluated subsequent events through July 11, 2011, the date the financial statements were available to be issued.

## **Other Reports**

**INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

Board of Directors  
St. Bernard Economic Development Foundation  
Chalmette, LA

We have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of the St. Bernard Economic Development Foundation and the Legislative Auditor, State of Louisiana, and applicable state grantor agencies solely to assist the users in evaluating management's assertions about the St. Bernard Economic Development Foundation's compliance with certain laws and regulations during the year ended December 31, 2010 included in the accompanying *Louisiana Attestation Questionnaire*. Management of the St. Bernard Economic Development Foundation is responsible for its financial records and compliance with applicable laws and regulations. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

*Federal, State and Local Awards*

1. Determine the amount of federal, state and local award expenditures for the fiscal year, by grant and grant year.

	<u>State</u>	<u>Local</u>
Louisiana Department of Economic Development	\$ 142,500	\$
St. Bernard Parish Government		125,000

2. For each federal, state, and local award, we randomly selected 6 disbursements from each award administered during the period under examination, provided that no more than 30 disbursements would be selected.

3. For the items selected in procedure 2, we traced the twelve disbursements to supporting documentation as to proper amount and payee.

We examined supporting documentation for each of the twelve selected disbursements and found that payment was for the proper amount and made to the correct payee.

4. For the items selected in procedure 2, we determined if the twelve disbursements were properly coded to the correct fund and general ledger account.

Each of the disbursements selected were properly coded to the correct fund and general ledger account.

5. For the items selected in procedure 2, we determined whether the twelve disbursements received approval from proper authorities.

Inspection of documentation supporting each of the twelve selected disbursements indicated each disbursement had checks with dual signatures as required by policy.

6. For the items selected in procedure 2: for state and local awards, we determined whether the disbursements complied with the grant agreement relating to :

Activities allowed or unallowed:

The allowability requirements appeared to be met for each of the previously listed disbursements.

Eligibility:

Disbursements appeared to be in accordance with the requirements of the grants.

Reporting:

Disbursements were properly reported to the grantor agencies.

7. For the programs selected for testing in item 2 that had been closed out during the period under review, we compared the close-out report, when required, with the agency's financial records to determine whether the amounts agree.

Close-out reports were not required as conditions of the grants.

### ***Open Meetings***

8. We examined evidence indicating that agendas for meetings recorded in the minute book were posted as an open meeting as required by R.S. 42:1 through 42:13 (the open meetings law).

We examined the required evidence and no exceptions were noted.

9. For all grants exceeding five thousand dollars, we determined that each applicable federal, state, or local grantor agency was provided with a comprehensive budget of those grants that included the purpose or duration, and for state grants included specific goals and objectives and measures of performance.

The St. Bernard Economic Development Foundation provided a comprehensive budget to the applicable grantor agency for the program mentioned previously. The budget specified the anticipated use of the funds, estimation of the duration of the project, and plans showing specific goals and objectives that included measures of performance. The local grant had no specific budget requirements.

### ***Prior Comments and Recommendations***

10. We reviewed any prior-year suggestions, recommendations, and/or comments to determine the extent to which such matters have been resolved.

Not applicable.

We were not engaged to perform, and did not perform, an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the St. Bernard Economic Development Foundation, the Legislative Auditor, State of Louisiana, and the applicable state grantor agencies and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

***Hienz & Macaluso, LLC***

July 11, 2011

**LOUISIANA ATTESTATION QUESTIONNAIRE**  
(For Attestation Engagements of Quasi-public Agencies)

7/11/11

(Date Transmitted)

HIEZ + MACALUSO LLC

110 VETERANS MEMORIAL BLDG, SUITE 170

METairie, LA 70005

(Auditors)

In connection with your review of our financial statements as of

DECEMBER 31 2010

and for the period then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of (date of 7/11/11 completion/representation).

**Federal, State, and Local Awards**

We have detailed for you the amount of federal, state and local award expenditures for the fiscal year, by grant and grant year.

Yes ☒ No ☐

All transactions relating to federal, state, and local grants have been properly recorded within our accounting records and reported to the appropriate state, federal, and grantor officials.

Yes ☒ No ☐

The reports filed with federal, state, and local agencies are properly supported by books of original entry and supporting documentation.

Yes ☒ No ☐

We have complied with all applicable specific requirements of all federal, state, and local programs we administer, to include matters contained in the OMB Compliance Supplement, matters contained in the grant awards, eligibility requirements, activities allowed and unallowed, and reporting and budget requirements.

Yes ☒ No ☐

**Open Meetings**

Our meetings, as they relate to public funds, have been posted as an open meeting as required by R.S. 42:1 through 42:13 (the open meetings law).

Yes [☒] No [ ]

**Budget**

For each federal, state, and local grant we have filed with the appropriate grantor agency a comprehensive budget for those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance

Yes [☒] No [ ]

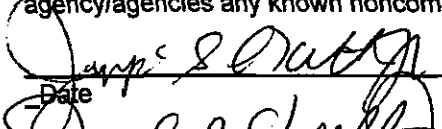
**Prior Year Comments**

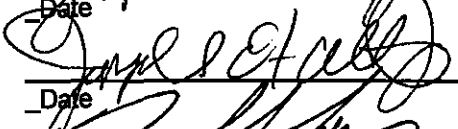
We have resolved all prior-year recommendations and/or comments.

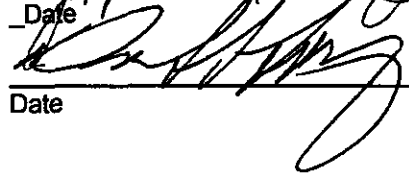
Yes [☒] No [ ]

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the federal, state, and local grants, to include the applicable laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We will also disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance that may occur up to the date of your report.

 7-8-11 Secretary \_\_\_\_\_  
Date \_\_\_\_\_

 7-8-11 Treasurer \_\_\_\_\_  
Date \_\_\_\_\_

 7/11/11 President VICE-PRESIDENT  
Date \_\_\_\_\_